

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

| | | | | |
|---|--------------|-----------------|--------------------------------------|--------|
| Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other | | Local Unit Name | | County |
| Fiscal Year End | Opinion Date | | Date Audit Report Submitted to State | |

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

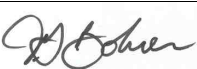
YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

| | | | | |
|--|--------------------------|--|----------------|-----|
| We have enclosed the following: | Enclosed | Not Required (enter a brief justification) | | |
| Financial Statements | <input type="checkbox"/> | | | |
| The letter of Comments and Recommendations | <input type="checkbox"/> | | | |
| Other (Describe) | <input type="checkbox"/> | | | |
| Certified Public Accountant (Firm Name) | | Telephone Number | | |
| Street Address | | City | State | Zip |
| Authorizing CPA Signature  | Printed Name | | License Number | |

**District Court Funds of District No. 23
City of Taylor, Michigan**

**Basic Financial Statement
with Other Supplemental Information
June 30, 2007**

District Court Funds of District No. 23

City of Taylor, Michigan

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Plante & Moran, PLLC
27400 Northwestern Highway
P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Independent Auditor's Report

Honorable William Sutherland and
Honorable Geno Salomone
23rd Judicial District Court
Taylor, Michigan

We have audited the accompanying balance sheet of the District Court Funds of District No. 23 (an Agency Fund of the City of Taylor, Michigan) as of June 30, 2007. This financial statement is the responsibility of District Court No. 23, City of Taylor, Michigan's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of District Court No. 23, City of Taylor, Michigan as of June 30, 2007, in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming opinions on the financial statement that comprises the Court's basic financial statement. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statement. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statement and, in our opinion, is fairly stated in all material respects in relation to the basic financial statement taken as a whole.

Plante & Moran, PLLC

December 10, 2007

District Court Funds of District No. 23

City of Taylor, Michigan

Management's Discussion and Analysis

Our discussion and analysis of the District Court Funds of District No. 23, City of Taylor, Michigan's financial performance provides an overview of the Court's financial activities for the fiscal year ended June 30, 2007. Please read it in conjunction with the Court's financial statements.

Using this Financial Report

This financial report represents the activities of the funds of the Court during the year. The funds of the Court are Agency Funds. Therefore, the activities are limited to collection of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. A detailed schedule of collections and disbursements is shown in the other supplemental information portion of the financial report.

The District Court as a Whole

The following table shows, in a condensed format, the assets and liabilities as of the current date and compared to the prior year:

| | 2007 | 2006 |
|--------------------------------------|--------------------------|--------------------------|
| Assets - Cash and investments | <u>\$ 853,241</u> | <u>\$ 762,299</u> |
| Liabilities | | |
| Due to District Control Unit | 490,579 | 444,313 |
| Due to other governmental units | 226,940 | 194,255 |
| Refundable bonds | <u>135,722</u> | <u>123,731</u> |
| Total liabilities | <u>\$ 853,241</u> | <u>\$ 762,299</u> |

The Court's combined assets and liabilities increased 11.93 percent from a year ago, increasing from \$762,299 to \$853,241. This increase is due to the rising caseload through June 2007 compared to June 2006. Since case filings increased, revenue was higher and the amount that had not yet been remitted to the other governmental units increased as well.

District Court Funds of District No. 23

City of Taylor, Michigan

Management's Discussion and Analysis (Continued)

Contacting the Court's Management

This financial report is intended to provide our citizens and customers with a general overview of Court's activities and to show the Court's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the Court directly.

District Court Funds of District No. 23

City of Taylor, Michigan

Balance Sheet
June 30, 2007

| | Bond Account | Jury and Witness Fee Account | Ordinance Account | Total |
|---|--------------------------|------------------------------------|--------------------------|--------------------------|
| Assets - Cash and investments (Note 2) | <u>\$ 135,722</u> | <u>\$ 4,485</u> | <u>\$ 713,034</u> | <u>\$ 853,241</u> |
| Liabilities | | | | |
| Due to District Control Unit | \$ - | \$ 4,485 | \$ 486,094 | \$ 490,579 |
| Due to other governmental units | - | - | 226,940 | 226,940 |
| Refundable bonds | <u>135,722</u> | <u>-</u> | <u>-</u> | <u>135,722</u> |
| Total liabilities | <u>\$ 135,722</u> | <u>\$ 4,485</u> | <u>\$ 713,034</u> | <u>\$ 853,241</u> |

District Court Funds of District No. 23

City of Taylor, Michigan

Notes to Balance Sheet
June 30, 2007

Note 1 - Significant Accounting Policies

District Court No. 23 of the City of Taylor, Michigan (the "Court") is reported within the Trust and Agency Funds of the City of Taylor, Michigan (the "City") in the City's basic financial statements at June 30, 2007.

The funds of the Court are Agency Funds. The financial activities of the funds are limited to collection of amounts that are subsequently returned or paid to third parties. Accordingly, the operations of the funds are limited to cash transactions. In accordance with generally accepted accounting principles, there are no component units to be included in the financial statement.

Note 2 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Court has designated one bank for the deposit of its funds. The investment policy adopted by the Court in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of state statutory authority as listed above. The Court's deposits and investment policies are in accordance with statutory authority.

The Court's cash and investments are subject to several types of risk, which are examined in more detail below:

| | |
|-------------|--------------------------|
| Deposits | \$ 51,141 |
| Investments | 802,000 |
| Petty cash | <u>100</u> |
| Total | <u><u>\$ 853,241</u></u> |

District Court Funds of District No. 23

City of Taylor, Michigan

Notes to Balance Sheet
June 30, 2007

Note 2 - Deposits and Investments (Continued)

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Court's deposits may not be returned. The Court does not have a deposit policy for the custodial credit risk. At year end, all of the Court's deposits (checking and savings accounts) were insured.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Court has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

| <u>Investment</u> | <u>Fair Value</u> | <u>Rating</u> | <u>Rating Organization</u> |
|-------------------|-------------------|---------------|--------------------------------|
| Pooled funds | \$ 802,000 | Not rated | N/A |

Other Supplemental Information



Plante & Moran, PLLC
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P.O. Box 307
Southfield, MI 48037-0307
Tel: 248.352.2500
Fax: 248.352.0018
plantemoran.com

Honorable William Sutherland and
Honorable Geno Salomone
23rd Judicial District Court
Taylor, Michigan

We have audited the financial statement of the District Court Funds of District No. 23, City of Taylor, Michigan for the year ended June 30, 2007. Our audit was made for the purpose of forming an opinion on the financial statement taken as a whole. The additional information listed in the table of contents is presented for the purpose of additional analysis and is not a required part of the financial statement of the District Court Funds of District No. 23, City of Taylor, Michigan. This information has been subjected to the procedures applied in the audit of the financial statement and, in our opinion, is fairly stated in all material respects in relation to the financial statement taken as a whole.

Plante & Moran, PLLC

December 10, 2007

District Court Funds of District No. 23

City of Taylor, Michigan

Schedule of Cash Receipts and Disbursements Year Ended June 30, 2007

| | Bond Account | Jury and Witness Fee Account | Ordinance Account | Total |
|--|-------------------|------------------------------------|----------------------|-------------------|
| Cash and Investments Balance - | | | | |
| July 1, 2006 | \$ 123,731 | \$ 4,493 | \$ 634,075 | \$ 762,299 |
| Receipts | | | | |
| Fines and fees collected | - | - | 7,677,990 | 7,677,990 |
| Bond receipts | 1,067,082 | - | - | 1,067,082 |
| Reimbursements from City of Taylor - | | | | |
| Jury and witness fees | - | 4,257 | - | 4,257 |
| Interest | 7,782 | - | 30,075 | 37,857 |
| | <u>1,074,864</u> | <u>4,257</u> | <u>7,708,065</u> | <u>8,787,186</u> |
| Total receipts | 1,074,864 | 4,257 | 7,708,065 | 8,787,186 |
| Disbursements | | | | |
| Transfers to: | | | | |
| District Control Unit General Fund | - | - | 5,260,628 | 5,260,628 |
| State of Michigan | - | - | 2,078,134 | 2,078,134 |
| Wayne County | - | - | 236,377 | 236,377 |
| Bond refunds, restitution, and forfeitures | 1,062,873 | - | 29,457 | 1,092,330 |
| Bank service charges | - | - | 24,510 | 24,510 |
| Jury and witness fees | - | 4,265 | - | 4,265 |
| | <u>1,062,873</u> | <u>4,265</u> | <u>7,629,106</u> | <u>8,696,244</u> |
| Total disbursements | 1,062,873 | 4,265 | 7,629,106 | 8,696,244 |
| Cash and Investments Balance - | | | | |
| June 30, 2007 | <u>\$ 135,722</u> | <u>\$ 4,485</u> | <u>\$ 713,034</u> | <u>\$ 853,241</u> |



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P.O. Box 307
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plantemoran.com

December 10, 2007

Ms. Vicky Bowman, Court Administrator
23rd Judicial District Court
23365 Goddard Road
Taylor, MI 48180-4917

Dear Ms. Bowman:

We have recently completed our audit of the financial statement of the 23rd Judicial District Court for the year ended June 30, 2007. In addition to the financial report, we offer you the following comments and recommendations.

As discussed in the prior year, we noted that the Court has taken steps over the past several years to increase its internal controls related to segregation of duties. We commend the Court for implementing procedures in an effort to improve controls related to the issuance and accountability of ticket books.

In previous years, we have had various discussions about the need for strong ticket control procedures with representatives from both the police department and the Court. It is our understanding that procedures were initiated between the Court and the police department whereby a process was established to regularly reconcile ticket activity between the two functions. However, it is also our understanding that, due to an increased number of ticket collections, the reconciliation process was discontinued. We strongly encourage the police department and the Court to actively and timely reinstate these procedures to provide adequate controls over the ticket activity.

We would again like to express our appreciation for the excellent cooperation and assistance we received from you and your staff during this engagement.

We would be pleased to discuss any of these items at your convenience.

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "D. Bohrer".

Douglas G. Bohrer

cc: Honorable William Sutherland
Honorable Geno Salomone